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Eradication of poverty and other development issues: implementation of the first United Nations Decade for the Eradication of Poverty (1997-2006)

Implementation of the first United Nations Decade for the Eradication of Poverty (1997-2006)

Report of the Secretary-General

Summary

The present report is submitted in response to General Assembly resolution 61/213, in which the Assembly requested the Secretary-General to prepare a comprehensive report evaluating the implementation of the first United Nations Decade for the Eradication of Poverty (1997-2006), including recommendations on maintaining the momentum generated by the implementation of the Decade. The report provides an overview of key developments that took place during the Decade, including the strengthened commitment to poverty eradication at the national and international levels. It addresses some challenges in poverty reduction and concrete initiatives undertaken during the Decade. The report concludes with a set of recommendations for consideration by the Assembly.

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I. Introduction

1. The present report has been prepared pursuant to General Assembly resolution 61/213 in which the Assembly requested the Secretary-General to prepare a comprehensive report evaluating the implementation of the first United Nations Decade for the Eradication of Poverty (1997-2006), including recommendations on maintaining the momentum generated by the implementation of the Decade.

2. The first United Nations Decade for the Eradication of Poverty (1997-2006) was proclaimed by the General Assembly at its fiftieth session as part of the implementation of the Programme of Action of the World Summit for Social Development.[1] The Decade followed the International Year for the Eradication of Poverty (1996), with a view to supporting a longer-term, sustained effort to implement fully and effectively the commitments made at all major United Nations conferences.

3. The scope of the Decade was broad and inclusive, and built upon the Summit's comprehensive approach to poverty eradication in the context of achieving people-centred sustainable development (see resolution 51/178). The Decade stemmed from the recognition of the multidimensional and complex nature of poverty and the need to develop framework conditions and policies that were conducive to its eradication at both the national and international levels.

4. The present report gives an overview of how the commitment to poverty eradication was fulfilled at the national and international levels, and addresses the major challenges faced by countries and the international community in pursuing that objective. It also highlights some of the concrete initiatives taken during the Decade and presents policy recommendations for consideration by the Assembly.

II. Progress over the Decade

A. Commitment to national action and international support

5. At the World Summit for Social Development, Governments committed themselves to the eradication of poverty as an ethical, social, political and economic imperative of humankind. To achieve that objective, Governments resolved to develop national strategies and to establish time-bound and specific targets to eradicate absolute poverty. The Summit called upon Governments to focus their efforts and policies on addressing the root causes of poverty, on providing for the basic needs for all, especially women and other vulnerable groups, and on ensuring that poor people have access to productive resources, including credit, education and training. As part of that commitment, Governments needed to reinforce the means and capacities for people, particularly poor people, to participate in decision-making to create a policy and regulatory environment that would reduce inequalities and enable them to benefit from expanding employment and economic opportunities.

6. While recognizing that national Governments have the primary responsibility for eradicating poverty, the Summit acknowledged the critical role of the United

[1] *Report of the World Summit for Social Development, Copenhagen, 6-12 March 1995* (United Nations publication, Sales No. E.96.IV.8), chap. I, resolution 1, annex II.

Nations system in that regard. International organizations, particularly international financial institutions, and donors were encouraged to support policies and programmes aimed at achieving the goal of poverty eradication and ensuring provision for the basic needs of all. To that effect, Governments of developed countries committed to strive for the fulfilment of the agreed target for official development assistance.

7. Five years after the Summit and three years into the Decade, the twenty-fourth special session of the General Assembly recognized that progress in eradicating poverty had been mixed.[2] In many developing countries, the number of people living in poverty had increased while the provision of social services had deteriorated, leaving many without access to basic social services. Lack of resources, inadequate levels of economic development, weak infrastructures and inefficient administrative systems had all undermined measures to eradicate poverty.

8. Against that background, the special session decided to set up a bold target to reduce the proportion of people living in extreme poverty by one half by 2015 and emphasized the need for comprehensive national strategies for poverty eradication that were integrated into policies at all levels, including economic and fiscal policies. Governments were encouraged to develop and implement sustainable pro-poor economic growth strategies that enhanced the potential and ability of poor people by providing them access to productive resources and microfinance and by establishing programmes to raise productivity and improve knowledge, skills and capabilities.

9. In September 2000, at the United Nations Millennium Summit, world leaders decided to endorse the commitment made at the special session to halve extreme poverty by 2015 and included poverty eradication as one of the key objectives of the global development agenda.[3] Two years later, the Monterrey Consensus[4] that emerged from the International Conference on Financing for Development framed poverty eradication as a systemic challenge that must be approached from a broad perspective. It produced a new global compact that commits developing countries to improving their policies and governance and simultaneously calls on developed countries to increase support, especially by providing developing countries with more and better aid, debt relief and greater access to markets, which are important for poverty eradication.

10. Nine years into the Decade, the 2005 World Summit viewed reductions in poverty in some countries with encouragement while remaining concerned about the slow and uneven progress towards poverty eradication and the realization of other development goals in some regions of the world. The Summit reaffirmed the commitment to eradicate poverty and promote sustained economic growth, sustainable development and global prosperity for all. It emphasized the need for urgent actions, including more ambitious national development goals and efforts backed by increased international support.

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[2] *Official Records of the General Assembly, Twenty-fourth Special Session, Supplement No. 3* (A/S-24/8/Rev.1), chap. III, annex, sect. II, para. 10.

[3] See resolution 55/2, part III.

[4] *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. I, resolution 1, annex.

1. National development frameworks and poverty eradication

11. During the Decade, many developing countries prioritized poverty reduction by setting poverty reduction targets and by formulating and implementing national poverty reduction plans and strategies. In support of national efforts to achieve internationally agreed development goals, the United Nations system put in place integrated operational frameworks for national capacity development.

12. The first such initiative, the Poverty Strategies Initiative, was launched by the United Nations Development Programme (UNDP) in 1996. The Initiative supported efforts in more than 100 countries to diagnose poverty and improve their capacity for policy analysis and implementation. Through such activities as qualitative poverty assessments, household surveys and poverty maps, analyses of social spending and aid flows to basic services, and the preparation of national human development reports, the Initiative played a role in advancing poverty awareness, stimulating national debate and mobilizing national actors behind common policy goals in poverty reduction strategies.

13. In 1999, the World Bank and the International Monetary Fund (IMF) introduced poverty reduction strategy papers (PRSPs) as a new approach to lending that would ensure that debt relief money would go to poverty reduction. The core principles underlying PRSPs include a focus on outcomes that benefit the poor; recognition of the multidimensional nature of poverty; national ownership, with broad participation by civil society in designing and monitoring such strategies; and a long-term perspective on the challenges and on the need for commitments to reduce poverty.

14. Poverty reduction strategy papers have been instrumental in placing poverty reduction at the centre of the public policy debate in many countries. As of January 2007, 64 countries had presented PRSP documents to the Executive Board of the World Bank. Of those, 34 were in Africa, 11 in Asia, 8 in Latin America and 11 in economies in transition.[5] Less than half of the countries that have prepared poverty reduction strategy papers are under the Heavily Indebted Poor Countries (HIPC) Initiative.

15. The focus of PRSPs has increasingly been on the achievement of the Millennium Development Goals, especially Goal 1. In that sense, the PRSP approach has provided an operational framework for Governments to set their development priorities, particularly that of poverty eradication, and to specify policies, programmes, and resources needed to meet their goals.[6] As a result, improvements have been made in the policy and institutional performance of several countries. However, the overall governance environment remains difficult in most low-income countries.[7] Designing medium-term strategies to achieve long-term development goals has proven a daunting challenge for many such countries.[6] Furthermore, there often is a wide gap between domestic resources and financing requirements needed to achieve the Millennium Development Goals. For a typical low-income country, additional financing of public interventions needed has been

[5] See http://siteresources.worldbank.org/INTPRSI/Resources/boardlist.pdf.

[6] "2005 review of the poverty reduction strategy approach: balancing accountabilities and scaling up results" (Washington, D.C., International Monetary Fund and World Bank, 2005).

[7] World Bank, Governance Research Indicators Dataset (Washington, D.C., 2003).

estimated to be in the order of from 10 to 20 per cent of gross national product (GNP).[8]

16. The need for identifying country-specific poverty circumstances and capacity constraints prior to developing policy responses was a major consideration in the Secretary-General's 1997 reform agenda, which aimed to make the United Nations more effective and coherent in supporting national efforts towards achieving the internationally agreed development goals. Since the adoption of the common country assessment and the United Nations Development Assistance Framework as strategic planning and evaluation tools for the United Nations system at the country level, a total of 164 common country assessments have been prepared and 146 United Nations Development Assistance Frameworks were reported as completed.[9]

17. Earlier assessment and programming carried out within national development frameworks tended to approach poverty only from an income point of view, in striking contrast to the multidimensional and complex view of poverty endorsed at the World Summit for Social Development. The earlier trend was initially accentuated by the adoption of the United Nations Millennium Declaration, which refers to poverty as living on less than one dollar a day. The very mixed outcome of interventions based on such a narrow concept led to an evolution of thinking on poverty and poverty reduction efforts and to the adoption of a definition that encompasses other dimensions of poverty as well as income, such as access to health and social services, education, gender equality, social exclusion, powerlessness and lack of voice or representation.

18. Countries that have achieved significant success in reducing poverty have done so by adopting long-term strategies that address the multidimensional nature of poverty and the diversity of the poor while taking into consideration the national economic, social and cultural situation. To do so, not only do Governments need to assume full ownership and responsibility for the development of their country, they must also be able to choose from a range of policies. In particular, it is important to expand national policy space for development by aligning international partnerships with the national strategies designed by the countries themselves. To that end, Governments committed themselves at the 2005 World Summit, to adopt by 2006 comprehensive national development strategies.

2. Global partnership for development

19. The recognition that national efforts to eradicate poverty should be complemented by supportive global programmes has been reaffirmed at all United Nations conferences and summits including at the World Summit for Social Development, the International Conference on Financing for Development and the 2005 World Summit. However, joint action for development has yet to be achieved. To some extent, trends in official development assistance (ODA) during the first Decade reflected an attempt to translate that commitment into action.

20. During the first Decade, trends in official development assistance were upward. After a protracted decline during the 1990s, development aid from member

[8] See United Nations Millennium Project, *Investing in Development: A Practical Plan to Achieve the Millennium Development Goals* (London, Earthscan, 2005), chap. 17.

[9] As of February 2007.

countries of the Organization for Economic Cooperation and Development (OECD) grew from $48.5 billion in 1997 to between $52 and $53 billion during the period 1998-2001, followed by a rapid increase up to a record $106.8 billion in 2005.[10] In 2006, ODA was down to $103.9 billion, a 5.1 per cent drop in constant dollars.[11] However, the 2005 increase in ODA was largely driven by debt relief while, in real terms, spending on core development programmes remained at the level of the early 1990s.

21. Furthermore, ODA is still far from the United Nations target of 0.7 per cent of gross national income of developed countries. In 2006, development assistance barely reached 0.3 per cent. Since the Millennium Declaration, only 5 out of 22 Development Assistance Committee countries have reached or exceeded the commitment to increase ODA to 0.7 per cent of their gross national income (GNI).[12]

22. International cooperation for development, particularly aid programmes of the international financial institutions as well as some donor countries, has become more oriented towards the poorest countries. As a result, ODA to the least developed countries more than doubled between 2000 and 2005, while efforts to address poverty challenges in middle-income developing countries received limited international support.

23. Progress made in relieving the external debt burden of developing countries, particularly of the poorest countries, as agreed in the Millennium Declaration, has been critical to improving their financial capacity to invest in areas with high social returns and, consequently, in more effective poverty reduction programmes. Two initiatives played a significant role in that regard. Under the Heavily Indebted Poor Countries Initiative, the debt stock of 29 countries was reduced by 90 per cent and their debt service by 2 per cent between 1999 and 2005.[13] The nominal debt service relief for those 29 countries represents $61 billion, which has favoured an increase of public expenditures on education and health by 3 per cent in those countries. Since 2005, with the introduction of the Multilateral Debt Relief Initiative, 19 countries that made progress in their economic and social reforms have received an additional debt stock relief of $30 billion.

24. International trade, once considered by international financial institutions as an avenue for driving economic growth and reducing poverty, has been reassessed more sceptically. Trade-driven output gains have been limited to countries with established export leads in the agricultural or manufacturing sectors, while countries at an early stage of developing their productive capacities in either sector suffered significant adverse economic and social consequences from premature trade liberalization.

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[10] Organization for Economic Cooperation and Development, *Development Database on Aid from DAC Members: DAC Online* (Paris, 2007). Available from http://stats.oecd.org/wbos/default.aspx?DatasetCode=TABLE.

[11] José Antonio Ocampo, statement to the Development Committee, Washington, D.C., 15 April 2007.

[12] *The Millennium Development Goals Report, 2007* (United Nations publication, Sales No. E.07.I.15).

[13] World Bank, *World Development Indicators, 2007* (Washington, D. C., 2007).

B. Key challenges

1. Poverty reduction: an uneven picture

25. Since poverty is a multidimensional phenomenon, the assessment of poverty trends requires consideration of a series of indicators relating to income, hunger, health and education, and gender equity.

26. Assessing poverty trends on the basis of income over the Decade points to three major conclusions. First, the number of people living in poverty in developing countries increased in the late 1990s. The total number of people living on less than $1 a day in developing countries rose from 1,088 billion in 1996 to 1,109 billion in 1999, while those living on less than $2 a day increased from 2,666 billion to 2,721 billion.[14] Second, the population living in absolute poverty has been steadily decreasing since 2000. In 2004, the number of people living on less than $1 a day and $2 a day were down to 969 million and 2,534 billion respectively. As a consequence, the proportion of the population living in extreme poverty declined from 22.7 per cent in 1999 to 18.1 per cent. The population living on $2 a day has also decreased, but at a slower pace, as many people escaping the $1 trap do not escape the $2 trap. Third, if current trends were to continue, it is estimated that there still would be over 800 million people living on under $1 a day in 2015.[15]

27. Although the world as a whole is on track to meet the poverty target of the Millennium Development Goals, significant disparities exist at the regional level. Many countries continue to face deep-seated obstacles and challenges for poverty reduction. Global poverty reduction has been driven by the growth of East and South Asia, regions that are on track to achieve the goals.

28. In contrast, sub-Saharan Africa is farthest from reaching the poverty target. Between 1996 and 2004, the share of people in extreme poverty in the region fell from 47.7 to 41.1 per cent. However, continued higher population growth kept the absolute number of poor at nearly 300 million. In this region, which already had the highest poverty rate in the world, the situation deteriorated further, accounting now for 30 per cent of the world's extreme poor.[13]

29. Existing data also suggest that, overall, the rural poverty rate fell much more than the urban rate.[16] However, the distribution of poverty between rural and urban areas varies greatly among regions. South Asia and Latin America have the highest urban-to-rural poverty ratio.

30. Child hunger, measured by the proportion of children under five who are underweight, declined by one fifth worldwide during the period 1990-2005.[17] However, some regions are unlikely to meet the target of halving the proportion of people who suffer from hunger. South Asia and sub-Saharan Africa continue to have the largest proportion of children living in hunger. In 2005, the proportion of children living in hunger in the two regions was 46 per cent and 29 per cent respectively.

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[14] Shaohua Chen and Martin Ravallion, "Absolute poverty measures for the developing world, 1981-2004", World Bank Policy Research Working Paper Series, No. 4211 (Washington, D.C., 2007).

[15] Ibid.

[16] Ibid.

[17] Ibid., p. 8.

31. With regard to health indicators, developing countries have made some significant gains. For example, under-five mortality rates for children in developing regions fell from 106 per 1,000 live births in 1990 to 83 in 2005.[18] However, the pace of progress has been uneven across regions and countries. Sub-Saharan Africa, South Asia, and the countries of the Commonwealth of Independent States experienced limited progress. Where basic health services continued to be neglected, child survival did not improve. Furthermore, in countries that made significant progress, child mortality improved much faster among the better-off social groups and those who had some education than among the poor.

32. Progress in education can be captured by analysing the total net enrolment ratio in primary education. In developing regions, the ratio increased from 80 per cent in 1990 to 88 per cent in 2005. Those figures do not include countries that were in a conflict or post-conflict situation.[19] Data also suggest that girls and children from poorer or rural families remained least likely to attend school. Adult literacy also improved, although gender disparities still persist. Male adult literacy rose from 78 per cent to 83 per cent in low- and middle-income countries between 1990 and 2002, while female literacy rates rose from 62 per cent to 70 per cent during the same period.[20] Although sub-Saharan Africa made progress towards universal enrolment, it still trailed behind other regions, with 30 per cent of its children of primary school age out of school.

2. Employment creation is lagging behind

33. Creating decent and productive employment is the most effective and sustainable pathway to reducing poverty. However, global performance in promoting employment over the Decade was disappointing. Between 1996 and 2006, the global labour force grew by 16.6 per cent to 2.9 billion. That figure represents about two thirds of the 4.6 billion people of working age (15 years and over). During the same period, the unemployment rate worldwide rose from about 6.0 to 6.3 per cent, with the number of unemployed increasing by 34 million, to 195 million people in 2006. That increase occurred as global economic output grew at the rate of 3.8 per cent per annum, giving rise to the phenomenon of "jobless growth".

34. In Latin America and the Caribbean, the unemployment rate remained around 8 per cent during the period 1996-2006, as economic growth, averaging 3 per cent, accommodated the growing labour force. In contrast, in South-East Asia and the Pacific, the unemployment rate rose significantly, from 3.7 per cent in 1996 to 6.6 per cent in 2006, reflecting in part the lingering impact of the 1997-1998 Asian crisis. In the same period, unemployment in South Asia rose from 4.4 per cent to 5.2 per cent despite annual growth in gross domestic product of 5.8 per cent.

35. Unemployment in Africa remained among the highest in the world, although unevenly distributed across countries. The unemployment rate in sub-Saharan Africa increased slightly between 1996 and 2006 to 9.8 per cent, even as GDP grew at 3.9

[18] Ibid., p. 15.

[19] Ibid., p. 11.

[20] World Bank Group, *EdStats*, database of Education Statistics (available from http://www1.worldbank.org/education/edstats) and *GenderStats*, database of gender statistics (available from http://devdata.worldbank.org/genderstats/home.asp).

per cent per annum. In the Middle East and North Africa, the unemployment rate declined from 13.0 per cent to 12.2 per cent.

36. The unemployment rate provides an incomplete picture of the employment situation in the world. It fails to reveal the link between poverty and work. Most of the poor in developing countries are not unemployed. They work in low-productive jobs where they cannot earn enough to raise themselves and their families above the poverty threshold. It is estimated that in 2006, 1.4 billion of those working did not earn enough to lift themselves and their families above the $2-a-day poverty line, although the proportion of $2-a-day working poor declined from 55 per cent to 47.4 per cent between 1996 and 2006.

37. The total number of working poor living on $1 a day declined from 570 million to 503 million between 2000 and 2006, except in sub-Saharan Africa where it increased by 14 million. In Latin America and the Middle East and North Africa, the situation remained almost unchanged. Over the same period, the total number of working poor living on $2 a day declined in Central and Eastern Europe (non-European Union) and the Commonwealth of Independent States, and most significantly, in East Asia. However, that number increased in South-East Asia and the Pacific, South Asia and the Middle East and North Africa with the biggest rise — 26 million — occurring in sub-Saharan Africa. Africa has the highest level of working poor in total employment compared to other regions, struggling with low productivity, underemployment, high demographic growth, increasing youth unemployment, and the impact of HIV/AIDS on the labour force.[21]

3. Unequal access to development benefits

38. Global conferences have recognized that broad-based and pro-poor economic growth is essential to the eradication of poverty and to all internationally agreed development goals, including the Millennium Development Goals. Such growth directly facilitates poverty reduction and expands resources and capacities for achieving other development goals. Promoting pro-poor economic growth that creates productive employment is especially important.

39. Since the early 2000s, trends in the economic growth performance of developing countries have been encouraging as a result of improved policies and governance. However, the benefits of that economic growth in the developing regions have been unequally shared, both among and within countries. Per capita income in the Middle East and North Africa and in Latin America and the Caribbean declined between 1991 and 2001. Only East Asia and the Pacific and South Asia registered improvements during the same period.[22]

40. Although many developing countries enjoyed economic growth, data show that the poorest benefit less from growth than the rest of the society. Between 1990 and 2004, the share of national consumption by the poorest fifth of the population in developing countries decreased from 4.6 to 3.9 per cent.[12] Inequality remains highest in Latin America and the Caribbean and in sub-Saharan Africa, where the

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[21] Economic Commission for Africa, *Economic Report on Africa 2005: Meeting the Challenges of Unemployment and Poverty in Africa* (United Nations publication, Sales No. E.05.II.K.9), chap. 2.

[22] *Report on the World Social Situation 2005: The Inequality Predicament* (United Nations publication, Sales No. E.05.IV.5).

share of national consumption by the poorest fifth was 2.7 per cent and 3.4 per cent in 2004, respectively. In East Asia, inequalities are now widening considerably, since the share of national consumption by the poorest fifth was 4.5 per cent in 2004, as compared to 7.1 per cent in 1990.

4. Access to financial resources

41. There has been increasing recognition of the important contribution that the provision of financial services, such as credit, savings, insurance to poor and low-income people, could make to poverty reduction and the achievement of the Millennium Development Goals. Over the Decade, a growing body of research showed that microcredit and microfinance enabled poor people to increase incomes and build financial assets, contributed to creating jobs and fostered gender equality. Those services also enhanced productivity in agriculture and in the informal urban economy, thus contributing to the equitable distribution of the benefits of economic growth. Microcredit and microfinance, by facilitating access to basic social services such as education, health care, safe water and sanitation, have been proven to help empower poor women, who are able to translate their increased incomes into essential investments.

42. In addition, access to such financial services as loans, savings, microinsurance, and other products provides the poor with a cushion in times of economic crises and natural disasters and reduces their vulnerability to disasters. Microfinance also improves the household's risk management capacity through the enhancement of social capital, derived from training and capacity-building.

43. While microfinance programmes and initiatives to assist poor people became popular over the past decade, there is still a considerable unmet need for microcredit and microfinance. An estimated 400-500 million poor and low-income people worldwide remain without access to microfinance. Reaching the poorest of the poor, in particular, is a major challenge. Despite the many studies and reports documenting their positive contribution to poverty reduction, microcredit and microfinance constitute neither a panacea for poverty nor a formula for achieving social development. The reality is that microcredit and microfinance work best only in certain situations, and only with certain types of clients.

44. It is becoming clear that many poor, especially extremely poor, clients exclude themselves from such microcredit or microfinance services. In general, microcredit programmes that typically require sustained, regular and significant payments are unlikely to be attractive to, or financially viable for, poor families that lack sustained, regular and significant incomes. Rather than credit, extremely poor people need social protection programmes that can help them with basic needs.

45. It is also important to design background interventions that build the market for microfinance clients. Such interventions can range from building infrastructure and opening up new markets for the produce of the poor to providing business development services. Often, it is those interventions that create conditions and opportunities for microfinance and not the other way around.

5. Reducing poverty in sub-Saharan Africa

46. Africa, particularly sub-Saharan Africa, continues to experience major challenges in reducing poverty. The sustained growth in GDP that Africa

experienced throughout the Decade had little impact on poverty reduction or on achievement of the Millennium Development Goals.[23] Strong growth rates were driven by exports of primary commodities and were not accompanied by significant job creation. Investments went to such capital-intensive industries as mining and energy, to the detriment of the manufacturing sector, whose share of the African GDP and labour force declined during the 2000s. Furthermore, traditional African labour-intensive industries lost their competitive edge on both the domestic and foreign markets in the wake of the expiration of the Agreement on Textiles and Clothing of the World Trade Organization on 1 January 2005. As a consequence, agriculture remained the primary source of employment for Africans and accounted for 70 per cent of the African labour force in 2005.

47. In Southern and South-Eastern Africa, the increasing spread of HIV/AIDS remained a major challenge for the labour supply and labour productivity. It was estimated that 25 million people were living with HIV in sub-Saharan Africa in 2006, accounting for 63 per cent of HIV-positive people and 90 per cent of children living with the virus in the world.[24] Women represented 59 per cent of the infected population in sub-Saharan Africa, a figure unparalleled in the rest of the world.

48. The pandemic has brought a crisis to Africa that strains health systems that are already functioning poorly and ill-equipped, destroys traditional support networks, undermines agriculture and increases malnutrition, challenges gains in education and health and, altogether, adversely affects poverty reduction efforts.

49. Ambitious, one-size-fits-all macroeconomic stabilization and reform programmes, implemented by African Governments under the pressure of the international financial institutions, turned out to be ill-designed to address country-specific structural constraints and growth potentials, and failed to put African countries on paths conducive to social and institutional development. Unfortunately, options for designing and implementing pragmatic fiscal policies and sound monetary policies that preserve macroeconomic stability while promoting investment, employment creation and growth remain limited in view of Africa's crippling external debt.

50. Africa's external debt remained high at $286 billion in 2005, compared to $311 billion in 1995. Although debt-service payments fell from $32.8 billion in 1997 to $23.1 billion in 2002, they rose again to $31.8 billion in 2005.[25] To address that challenge, a number of debt relief programmes were agreed to by the international community. In 1996, the World Bank and the International Monetary Fund launched the Heavily Indebted Poor Countries Debt Initiative. The goal of the Initiative is to reduce the external debt burden of the world's poorest, most heavily indebted countries in order to accelerate their growth and development. In 1999, HIPC was modified in order to strengthen the linkages between debt relief, poverty reduction and social policies. In 2005, the Initiative was supplemented by the Multilateral Debt Relief Initiative (MDRI) to help accelerate progress towards the achievement of the Millennium Development Goals.

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[23] See Economic Commission for Africa, *Economic Report on Africa 2007: Accelerating Africa's Development through Diversification*, p. 2 (United Nations publication, Sales No. E.07.II.K.1).

[24] See Joint United Nations Programme on HIV/AIDS, *AIDS Epidemic Update: December 2006* (Geneva, 2006).

[25] See E/2006/17, p. 13.

51. Expectations that the region's external debt would be substantially reduced under HIPC Initiative and that economic reforms would stimulate private capital inflows have been slow to materialize. Of the 41 countries classified as heavily indebted, 33 are in Africa. To date, debt reduction packages have been approved for 30 of the heavily indebted countries, including 25 in Africa. Since its inception, the initiative has provided $35 billion in debt service relief to the heavily indebted countries.

52. Debt relief efforts to help the poorest of the poor were also addressed by the International Conference on Financing for Development, held in Monterrey, Mexico, in 2002. Although the Conference agreed on a new partnership for global development, no specific debt relief goals were agreed to. The Conference recognized the need for developing countries to take responsibility for their own poverty reduction, while rich nations were encouraged to support those efforts by increasing financial aid and promoting more open trade.

53. The vision of promoting African ownership in addressing the continent's development challenges was further embraced at the Group of Eight Summit at Gleneagles, Scotland, in 2005. At the summit, the leaders of the Group of Eight signed the Gleneagles Communiqué in which the Group of Eight, inter alia, promised to boost funding efforts for achievement of the Millennium Development Goals in Africa. The Group of Eight agreed to double aid for Africa by 2010, by making available at least $25 billion per year, more than doubling aid to Africa as compared with 2004.

54. In 2004, total ODA to Africa was $26.5 billion, compared to $16.2 billion in 2001. Official development assistance has remained unchanged since 2004, excluding debt relief and special initiatives.[26] However, total aid to Africa has not yet reached the historic peak achieved in 1990 of $33.3 billion. Five years after the International Conference on Financing for Development and two years since the pledge made at the Gleneagles summit, progress in scaling up assistance to Africa to support the Millennium Development Goals agenda is lacking.[27]

55. In spite of debt relief initiatives, the debate continues as to whether those initiatives adequately address the needs and priorities of Africa's heavily indebted poor countries. There is general agreement that for all the debt relief initiatives to leave a lasting imprint on the daily lives of ordinary people, debt relief funds must actually reach the poor and other socially disadvantaged groups. That will require African countries to undertake a series of broad social, economic, financial and political reforms to improve transparency, reduce corruption and spur broad-based economic growth.

C. Specific initiatives

56. During the Decade, poverty eradication was brought to the forefront of the work of the intergovernmental machinery and became an overarching theme of global summits, particularly those held within the framework of the General Assembly. The issues addressed and decisions taken at the Economic and Social

[26] See United Nations, "Africa and the Millennium Development Goals, 2007 Update", p. 4 (New York, 2007).

[27] See World Bank and IMF, *Global Monitoring Report 2007*, p. 15.

Council's substantive sessions throughout the Decade, especially the themes of its high-level and coordination segments, focused attention on critical issues of policy, implementation and coordination, with the aim of accelerating the pace of poverty reduction. The outcomes of the deliberations of the Commission for Social Development played a critical role in informing the debate among Member States and in bringing to the fore the consideration of the complexity and multidimensional nature of poverty as well as pointing to the centrality of promoting employment for poverty reduction.

57. A number of special initiatives were also undertaken during the Decade to further strengthen the commitment to eradicate poverty at the national and international levels: the World Solidarity Fund; the International Year of Microcredit; and International Human Solidarity Day. Renewed impetus and visibility were also given to the observance of the International Day for the Eradication of Poverty.

1. World Solidarity Fund

58. As part of the Decade, the concept of solidarity was promoted as crucial in the fight against poverty and in the involvement of all relevant stakeholders, through initiatives such as the establishment of the World Solidarity Fund to eradicate poverty and the proclamation of International Human Solidarity Day.

59. By its resolution 57/265, the General Assembly established the World Solidarity Fund, which was set up in February 2003 as a trust fund of the United Nations Development Programme. Its objective is to eradicate poverty and promote human and social development in developing countries, in particular among the poorest segments of their populations. A report containing recommendations on mechanisms, modalities, terms of reference, mandates and governance for the operationalization of the fund was submitted to the General Assembly at its fifty-seventh session (A/57/137). Resources from the Fund are to be used to assist in halving extreme poverty by 2015 and in the achievement of other Millennium Development Goals, such as halving the proportion of people without access to safe water, reducing child mortality by two thirds and maternal mortality by three quarters, achieving universal access to basic education and improving the lives of slum-dwellers.

60. In keeping with the terms of resolution 57/265, the Fund is to encourage the role of the private sector and individual citizens in funding its endeavours. Furthermore, the Fund will support requests received from Governments of developing countries for financing poverty alleviation projects, including initiatives from community-based organizations and small private sector entities. A high-level committee, composed of persons with practical experience in business, development and Government, was established to define the strategy of the Fund and to mobilize resources to enable it to start activities.

2. International Year of Microcredit, 2005

61. The International Year of Microcredit (resolution 53/197), observed in 2005, brought together United Nations agencies, civil society organizations and the private sector to promote microfinance and microcredit as key instruments for reducing poverty and achieving the Millennium Development Goals. The Year substantially contributed to increasing global awareness of microcredit and microfinance, and

provided a platform for building partnerships, sharing experiences and best practices and further enhancing financial sectors that support sustainable pro-poor financial services. It received a widespread global response and interest and galvanized efforts at the national, regional and international levels.

62. The accomplishments of the Year are credited to the collaboration of diverse actors, including representatives from Governments, national committees, United Nations agencies, the microfinance community, academia, civil society, the private sector, media and microentrepreneurs. National-level activities and initiatives played a key role in the success of the Year. Over 100 countries joined the global efforts to build inclusive financial sectors, and 61 countries established national committees to celebrate the Year. The Year's initiatives created a clear commitment to building inclusive financial sectors at the national level that embrace poor people and their communities.

63. More than 300 meetings, conferences, forums and other events around the world were dedicated to the observance of the Year. At those events, experts shared their knowledge and discussed ways to improve financial services for poor people. Many of the conferences and panel discussions were organized with non-governmental organizations, microfinance institutions, and major universities and business schools.

64. Major activities carried out under the auspices of the Year in partnership with the organizations of the United Nations system, in particular the publication *Building Inclusive Financial Sectors for Development* (the "Blue Book")[28] and the data project, had an important impact on further promoting the commitment to develop inclusive financial sectors in which all people have access to affordable financial services. The data project brought together a small group of expert statisticians and researchers to address current data gaps, anticipate future needs and build agreement on the best way forward for Governments, the private sector and multilateral organizations to gather concrete data on the access to microfinance. In addition, the Global Microentrepreneurship Awards Programme served to celebrate and reward microentrepreneurs around the world and contributed to promoting an entrepreneurial culture, establishing strong partnerships and increasing the visibility of microentrepreneurs.

65. Following the International Year of Microcredit, the Advisers Group on Inclusive Financial Sectors was established within the United Nations Capital Development Fund for a two-year term, with its principal role to advise the United Nations system and Member States on global issues relating to inclusive finance. The Advisers Group released at its recent meeting the key messages on best practices for expanding access to finance for the poor targeted at Governments, regulators, development partners and the private sector.

3. International Human Solidarity Day

66. Both the United Nations Millennium Declaration and the 2005 World Summit emphasized the value of partnership and solidarity in helping to reach the Millennium Development Goals, especially relating to poverty. International Human Solidarity Day was proclaimed in the wake of the 2005 World Summit to serve as an initiative in the fight against poverty and to raise awareness of the importance of

[28] United Nations publication, Sales No. E.06.II.A.3.

solidarity. In its resolution 60/209, paragraph 43, the General Assembly decided that International Human Solidarity Day should be observed on 20 December each year.

67. The first International Human Solidarity Day was launched at a ceremony on 10 November 2006 at United Nations Headquarters that was attended by representatives of Governments and where the logo for the Day was unveiled. The Economic and Social Council also organized a special event to commemorate the Day. Both events were intended to raise awareness of the importance of advancing the United Nations development agenda, especially the eradication of poverty and promoting global understanding of the value of human solidarity.

4. International Day for the Eradication of Poverty

68. The International Day for the Eradication of Poverty (resolution 47/196), observed on 17 October since 1993, continued to play an important role in raising public awareness and mobilizing all stakeholders in the fight against poverty.

69. The International Day has been observed around the world, largely as a day to remember and honour the daily struggles of people living in poverty. It represents an opportunity to acknowledge the efforts and struggles of people living in poverty and a chance for them to make their concerns heard. It also provides a means to recognize that poor people are in the forefront in the fight against poverty. The participation of the poor themselves has been at the centre of the celebrations of the International Day since its very beginning.

70. The review undertaken to assess the impact of the International Day and to identify ways to promote mobilization of all stakeholders in the fight against poverty (A/61/308) has shown that this event can be an important tool in support of national efforts to eradicate poverty, by promoting dialogue and collaboration among stakeholders. Beyond raising awareness of the need to eradicate poverty or its human rights dimensions, the lessons learned from observance of the International Day point to its potential to serve as an important vehicle where the forces of global and national campaigns can join together to realize the Millennium Development Goals, in particular the goal to eradicate poverty and hunger.

71. Recommendations to promote and enhance observance of the International Day included encouraging all Member States to make the International Day a national day for action involving all stakeholders and citizens so that observance of the event could be a rallying point for national and global campaigns to eradicate poverty and achieve the Millennium Development Goals; encouraging all stakeholders to ensure that human rights are mainstreamed into development discussions as a key tool in the eradication of poverty and to achieve the Millennium Development Goals, and to ensure the participation of poor people and the inclusion of the most isolated groups in society; and encouraging Member States that do not currently observe the International Day to consider doing so.

III. Conclusions and recommendations

72. The present evaluation of the first United Nations Decade for the Eradication of Poverty takes place at the midpoint of the Millennium Development Goals. The assessment is familiar: poverty is retreating globally, but much remains to be done. Progress has also been very slow in some parts of the world. A somewhat similar

assessment was already made in 2000 at the twenty-fourth special session of the General Assembly and again at the 2005 World Summit. This suggests that the breadth of the challenge calls for a much longer time frame.

73. By the end of the Decade, poverty reduction had become an overarching theme of all global summits and conferences and had been firmly anchored at the core of the development agenda. The mixed results in achieving progress towards poverty reduction have led to a better understanding of the nature and range of deep-rooted obstacles that countries face in their efforts to reduce poverty. Off-the-shelf macroeconomic policy fixes have largely failed the reality test and there is, now, agreement on the need to develop comprehensive national development strategies and priority lines of action.

74. The national development strategies need to be broad and inclusive, and should adopt an integrated and holistic approach that can address poverty in all its dimensions: access to health services, education, food, productive employment and decent work and financial resources; gender equality; the empowerment and participation of all disadvantaged groups, including the poor, in the development process. Strategic lines of action include pragmatic fiscal policies and sound monetary policies that preserve macroeconomic stability while promoting public and private investment, employment creation and growth. While the concept is getting clearer, its operationalization remains a challenge.

75. It has become evident that, without support from the donor community, national capacity-building and mobilization of national resources cannot be achieved by countries that experience serious difficulties in reducing poverty. Unfortunately, repeated commitment to align official development assistance with national efforts to reduce poverty has been limited to debt relief, and spending on core development programmes has remained constant over the Decade.

76. It is equally important for the international community to contribute to national efforts by creating a global economic environment that promotes employment in developing countries.

In the light of the issues covered in the present report, the General Assembly may wish to consider the following recommendations:

(a) **Urge Member States, organizations of the United Nations system, civil society, non-governmental organizations and all other partners to reaffirm their commitment and continue undertaking more concerted efforts in the fight against poverty at the national and international levels through various initiatives and activities;**

(b) **Urge all countries with extreme poverty to develop and implement a national development strategy in order to halve extreme poverty by 2015;**

(c) **Encourage the organizations of the United Nations system, the Bretton Woods institutions and the donors to continue assisting developing countries in achieving the internationally agreed development goals, including the Millennium Development Goals, in particular the goal of poverty eradication.**